

Actual Experience plc (the "Company")

Terms of Reference of the Risk Committee

1. Membership

- 1.1 The Risk Committee (the "**Committee**") is a committee of the board of directors of the Company (the "**Board**") and, as such, is appointed by and reports to the Board.
- 1.2 The Committee shall comprise not less than two members. A majority (or, if and for so long as the Committee has an even number of members, at least half) of the Committee shall be Board directors, of which at least one shall be an independent non-executive director. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee.
- 1.3 The Board, based on the recommendation of the Nomination Committee, shall appoint the Chairman of the Committee who shall be an independent non-executive director. In the absence of the Chairman of the Committee and/or a deputy appointed by the Committee, the remaining members present shall elect one of themselves to chair the meeting.
- 1.4 Appointments to the Committee shall be for a period of up to 3 years, which may be extended for further periods of up to 3 years, provided the director still meets the criteria for membership of the Committee.
- 1.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, the Chief Executive Officer, and the Chief Financial Officer may be invited to attend all or part of any meeting as and when appropriate and necessary. The chairman of the Committee may request the attendance of others at meetings including external advisors.

2. Secretary

The Group Financial Controller or her/his nominee shall act as secretary of the Committee unless the Chairman of the Risk Committee appoints another individual to this position. The secretary of the Committee will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members, of which one must be the Chairman of the Committee. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

The Committee shall meet twice a year at regular intervals or otherwise as required

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be provided to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 4 business days before the date of the meeting or within such time period as shall be agreed from

time to time with the chairman of the Committee. Supporting papers shall be provided to Committee members and to other attendees as appropriate, at the same time.

6. **Minutes of Meetings**

- 6.1 The secretary of the Committee, or her/his nominee, shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

7. **Annual General Meeting**

The Committee chairman shall attend the Annual General Meeting (the "**AGM**") to answer shareholder questions on the Committee's activities.

8. **Duties and responsibilities**

The Committee shall carry out the following duties and responsibilities for the Company.

- 8.1 Determine the appropriate level of risk.
- 8.2 Review significant residual risks.
- 8.3 Determine the overall processes to manage and control risk. Specifically, the Committee shall have responsibility for the Risk Policy and will approve any changes to this Policy.

9. **Reporting Responsibilities**

- 9.1 The Committee chairman shall formally report to the Board on the proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report on its activities to be included in the Company's annual report. The report should describe how the Board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the Board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.

10. **Other Matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties;
- 10.2 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 10.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.4 oversee any investigation of activities which are within its terms of reference.

11. **Authority**

The Committee is authorised:

- 11.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference when it reasonably believes it is necessary to do so;
- 11.3 to call any employee to be questioned at a meeting of the Committee as and when required; and
- 11.4 to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.